

DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL
Bureau of Air Quality
Clean Air Interstate Rule (CAIR)/Clean Air Mercury Rule (CAMR)

Stakeholder Meeting Notes
December 7, 2005

Attendees:

See attached list.

Introductions and Opening Comments:

Staff reviewed the comments submitted by the stakeholders after the November 4, 2005 meeting. The comments were grouped and discussed according to the area of flexibility in each rule.

Overview of the Clean Air Interstate Rule

The main areas of flexibility for CAIR are with respect to the allocation of the NO_x ozone season and NO_x annual budgets. A handout of the summary of stakeholder's comments received after the November 4, 2005 meeting, along with the Department's responses, was reviewed and discussed.

General Discussion of the Clean Air Interstate Rule

The following is a synopsis of the major topics of discussion:

1. Timing of NO_x Allocations: The Department proposed shortening the allocation period to a three-year cycle but was open to alternatives.

The majority of commenters supported a four-year allocation cycle instead of a three-year cycle as proposed by the Department. The stakeholders explained that more time was needed to plan, and a three-year advance notification of allocations might not be sufficient.

The Department is revising the allocation period to a four-year cycle.

2. Calculating the NO_x Allowance Allocation Base-line: The Department initially proposed updating the baseline heat input used to determine allocations every three years, with the highest single heat input during the three-year period immediately preceding the allocations submittal to EPA to determine a source's allowances, but was open to alternatives.

The group had minimal discussion regarding changing the calculation of the allocation baseline by using more than one annual heat input and averaging. However, all were satisfied with using the highest heat input in the four-year period immediately preceding the year that the allocations had to be submitted to EPA.

The Department is revising the proposed language to include a reallocation period every four years (still using the highest annual heat input during the four-year period) to coincide with the change in timing of allocations.

3. Fuel-neutral Allocation System: The Department modified its prior proposal and proposed a modified rule that adjusts a facility's allowances based on fuel type. Instead of a three-tier adjustment, only two tiers would be utilized. An adjustment factor of 1.0 would be used for all coal-fired units, and an adjustment factor of 0.6 would be used for all other units. A spreadsheet detailing how the allowances would be affected using fuel-neutral allocations, EPA model rule allocations, and the Department's proposal was distributed and discussed.

4. New and Existing Sources for Determining Baseline Heat Input: The Department supports a system based upon using heat input to determine allowance allocations for all sources, existing and new. Existing sources will be any unit commencing operation before January 1, 2005.

5. NO_x New Source Set-Aside: The Department proposed a new source set-aside of three percent annually, starting in 2009.

The stakeholders agreed that a three percent new source set-aside was adequate, especially if the allocation period was changed to a four-year cycle.

The Department will retain the three percent set-aside in its proposed language.

Overview of the Clean Air Mercury Rule

Staff began with a discussion by opening the floor to the stakeholders for their comments based on the proposal presented during the November 4, 2005 meeting and in subsequent comments. Specifically, the Department requested further explanation of the comments and suggestions received from the stakeholders regarding the 20 percent set-aside and how it was to be utilized. Also, further discussion and explanation of the STAPPA/ALAPCO model language was requested.

General Discussion of the Clean Air Mercury Rule

The following is a synopsis of the proceedings:

One commenter explained that the 20 percent set-aside would only be accessed by a facility once the 80 percent allocated initially was utilized, and that if any of the 80 percent was sold or traded, then the facility could not access the 20 percent set-aside. Much discussion regarding the conditions of this arrangement followed (e.g. If any unit in a system needed allowances above 80 percent, would they first have to obtain allowances from other units within the system that had extra allowances below their 80 percent allocations?). Also, the group discussed what would be done with the 20 percent set-aside. Would the allowances be retired, or would they be distributed to the systems in 2018 if certain controls were in place to control mercury emissions?

Another commenter presented the STAPPA/ALAPCO model language, suggesting that the Department accept this approach. They also expressed concern that extra allowances from South

Carolina might be sold to upwind facilities, and the emissions from these facilities might find their way to South Carolina.

Because several issues regarding CAMR needed more discussion, it was decided that some of the stakeholders would contact each other and discuss the proposals to prepare detailed language for consideration. The stakeholders are to submit the language to representatives from the Southern Environmental Law Center (SELC) and the Department for review and discussion. SELC will review these and submit comments about this language to the Department.

Comments for the Next Meeting are Due:

Stakeholders agreed to submit comments and proposed language regarding CAMR as soon as possible. Also, SELC will review and submit comments regarding this proposed language to the Department.

Next Meeting:

The next meeting will be held on January 30, 2006, at 1:30 pm in room 3380 of the Aycock Building.

Those attending the December 7, 2005 meeting were:

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